

MONTANA LEGISLATIVE HISTORY

Chapter 405 ~~19~~ 2001

Bill H _____ S 317

Original bill & history ☒ C

H. Committee on Taxation

Hearing Date(s) 3-14 ☒ C

3-21 ☒ C

_____ C

_____ C

Date Out _____ C

S. Committee on Taxation

Hearing Date(s) 2-9 ☒ C

2-13 ☒ C

_____ C

_____ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

SENATE BILL NO. 317
INTRODUCED BY A. ELLIS

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS GOVERNING BREWERS OF BEER; REVISING THE TAXATION OF BEER TO A SLIDING SCALE BASED UPON THE NUMBER OF BARRELS OF BEER BREWED ANNUALLY BY THE BREWER; REVISING THE ANNUAL LICENSE RENEWAL FEE FOR CERTAIN BREWERS; AMENDING SECTIONS 16-1-406 AND 16-4-501, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 16-1-406, MCA, is amended to read:

"16-1-406. Taxes on beer. (1) (a) A tax of \$4.30 per barrel of 31 gallons is imposed on each barrel of beer sold in Montana by a wholesaler. A barrel of beer equals 31 gallons. The tax is based upon the total number of barrels of beer produced by a brewer in a year. A brewer who produces less than 20,000 barrels of beer a year is taxed on the following increments of production:

(i) up to 5,000 barrels, \$1.30;

(ii) 5,001 barrels to 10,000 barrels, \$2.30; and

(iii) 10,001 barrels to 20,000 barrels, \$3.30.

(b) The tax on beer sold for a brewer who produces over 20,000 barrels is \$4.30.

(2) The tax imposed pursuant to subsection (1) is due at the end of each month from the wholesaler upon beer sold by the wholesaler during that month. The department shall compute the tax due on beer sold in containers other than barrels or in barrels of more or less capacity than 31 gallons.

(3) Each quarter, in accordance with the provisions of 15-1-501, of the tax collected pursuant to subsection (1), an amount equal to:

(a) \$1 23.26% must be deposited in the state treasury to the credit of the department of public health and human services for the treatment, rehabilitation, and prevention of alcoholism;

(b) 50 cents 11.63% must be deposited in the state general fund; and

(c) \$2.80 65.11% must be deposited with the state treasurer to the credit of the incorporated cities and towns beer tax account in the state special revenue fund.

(4) (a) The money in the incorporated cities and towns beer tax account is statutorily

appropriated, as provided in 17-7-502, to the department, which shall, monthly, distribute this amount of money to the incorporated cities and towns in the direct proportion that the population of each city and town bears to the total population of all incorporated cities and towns as shown in the latest official federal census as adjusted by the most recent population estimates published by the U.S. bureau of the census. For cities and towns incorporated after the latest official federal census, the census must be determined as of the date of incorporation as evidenced by the certificate of the incorporating officials of that city or town. If a city or town disincorporates, it may not receive any funds under this section and the amount previously distributed to the city or town must be distributed to the remaining incorporated cities and towns. All funds received by cities and towns under this section must be expended for state purposes, such as law enforcement, maintenance of the transportation system, and public health.

(b) The department may adjust population estimates only on the July 1 following the date of publication of the estimates by the U.S. bureau of the census. The adjusted distribution formula must remain in effect for the entire fiscal year."

Section 2. Section 16-4-501, MCA, is amended to read:

"16-4-501. License and permit fees. (1) Each beer licensee licensed to sell either beer or table wine only, or both beer and table wine, under the provisions of this code, shall pay ~~an annual~~ a license fee. Unless otherwise specified in this section, the fee is an annual fee and is imposed as follows:

(a) (i) each brewer and each beer importer, wherever located, whose product is sold or offered for sale within the state, \$500;

(ii) for each storage depot, \$400;

(b) (i) each beer wholesaler, \$400; each table wine distributor, \$400;

(ii) for each subwarehouse, \$400;

(c) each beer retailer, \$200;

(d) (i) for a license to sell beer at retail for off-premises consumption only, the same as a retail beer license;

(ii) for a license to sell table wine at retail for off-premises consumption only, either alone or in conjunction with beer, \$200;

(e) any unit of a nationally chartered veterans' organization, \$50.

(2) The permit fee under 16-4-301(1) is computed at the rate of \$10 a day for each day that beer and table wine are sold at those events lasting 2 or more days, but the fee may not exceed \$300 for a

series of scheduled sporting events.

(3) The permit fee under 16-4-301(2) is \$10 for the sale of beer and table wine only or \$20 for the sale of all alcoholic beverages.

(4) Passenger carrier licenses must be issued upon payment by the applicant of an annual license fee in the sum of \$300.

(5) The annual license fee for a license to sell wine on the premises, when issued as an amendment to a beer-only license pursuant to 16-4-105, is \$200.

(6) The annual renewal fee for:

(a) a brewer producing 20,000 or fewer barrels of beer, as defined in 16-1-406, is \$200; and

(b) resort retail all-beverages licenses within a given resort area is \$2,000 for each license.

(7) Each licensee licensed under the quotas of 16-4-201 shall pay an annual license fee as follows:

(a) except as provided in this section, for each license outside of incorporated cities and incorporated towns or in incorporated cities and incorporated towns with a population of less than 2,000, \$250 for a unit of a nationally chartered veterans' organization and \$400 for all other licensees;

(b) except as provided in this section, for each license in incorporated cities with a population of more than 2,000 and less than 5,000 or within a distance of 5 miles, measured in a straight line from the nearest entrance of the premises to be licensed to the nearest boundary of the city, \$350 for a unit of a nationally chartered veterans' organization and \$500 for all other licensees;

(c) except as provided in this section, for each license in incorporated cities with a population of more than 5,000 and less than 10,000 or within a distance of 5 miles, measured in a straight line from the nearest entrance of the premises to be licensed to the nearest boundary of the city, \$500 for a unit of a nationally chartered veterans' organization and \$650 for all other licensees;

(d) for each license in incorporated cities with a population of 10,000 or more or within a distance of 5 miles, measured in a straight line from the nearest entrance of the premises to be licensed to the nearest boundary of the city, \$650 for a unit of a nationally chartered veterans' organization and \$800 for all other licensees;

(e) the distance of 5 miles from the corporate limits of any incorporated cities and incorporated towns is measured in a straight line from the nearest entrance of the premises to be licensed to the nearest boundary of the city or town; and where the premises of the applicant to be licensed are situated within 5 miles of the corporate boundaries of two or more incorporated cities or incorporated towns of different populations, the license fee chargeable by the larger incorporated city or incorporated town applies and

must be paid by the applicant. When the premises of the applicant to be licensed are situated within an incorporated town or incorporated city and any portion of the incorporated town or incorporated city is without a 5-mile limit, the license fee chargeable by the smaller incorporated town or incorporated city applies and must be paid by the applicant.

(f) an applicant for the issuance of an original license to be located in areas described in subsections (6) and (7)(d) shall provide an irrevocable letter of credit from a financial institution that guarantees that applicant's ability to pay a \$20,000 license fee. A successful applicant shall pay a one-time original license fee of \$20,000 for a license issued. The one-time license fee of \$20,000 may not apply to any transfer or renewal of a license issued prior to July 1, 1974. All licenses, however, are subject to the specified annual renewal fees.

(8) The fee for one all-beverages license to a public airport is \$800. This license is nontransferable.

(9) The annual fee for a special beer and table wine license for a nonprofit arts organization under 16-4-303 is \$250.

(10) The license fees provided in this section are exclusive of and in addition to other license fees chargeable in Montana for the sale of alcoholic beverages.

(11) In addition to other license fees, the department of revenue may require a licensee to pay a late fee of 33 1/3% of any license fee delinquent on July 1 of the renewal year or 1 year after the licensee's anniversary date, 66 2/3% of any license fee delinquent on August 1 of the renewal year or 1 year and 1 month after the licensee's anniversary date, and 100% of any license fee delinquent on September 1 of the renewal year or 1 year and 2 months after the licensee's anniversary date.

(12) All license and permit fees collected under this section must be deposited as provided in 16-2-108."

NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2001.

NEW SECTION. **Section 4. Applicability.** [This act] applies to beer sold by a wholesaler on or after July 1, 2001.

- END -

FISCAL NOTE

Bill #: SB317

Title: Reduce taxes on beer produced in Montana by Montana brewers

Primary Sponsor: Alvin Ellis

Status: Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	FY2002 Difference	FY2003 Difference
Revenue:		
General Fund	\$(16,753)	\$(17,108)
Cities/Towns	\$(56,841)	\$(58,831)
State Special Revenue (DPHHS)	\$(20,306)	\$(21,017)
Net Impact on General Fund Balance:	\$(16,753)	\$(17,108)

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;"><u>Yes</u></td> <td style="width: 10%; text-align: center;"><u>No</u></td> <td></td> </tr> <tr> <td style="text-align: center;">X</td> <td></td> <td>Significant Local Gov. Impact</td> </tr> <tr> <td></td> <td style="text-align: center;">X</td> <td>Included in the Executive Budget</td> </tr> <tr> <td></td> <td style="text-align: center;">X</td> <td>Dedicated Revenue Form Attached</td> </tr> </table>	<u>Yes</u>	<u>No</u>		X		Significant Local Gov. Impact		X	Included in the Executive Budget		X	Dedicated Revenue Form Attached	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;"><u>Yes</u></td> <td style="width: 10%; text-align: center;"><u>No</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">X</td> <td>Technical Concerns</td> </tr> <tr> <td></td> <td style="text-align: center;">X</td> <td>Significant Long-Term Impacts</td> </tr> <tr> <td></td> <td style="text-align: center;">X</td> <td>Family Impact Form Attached</td> </tr> </table>	<u>Yes</u>	<u>No</u>			X	Technical Concerns		X	Significant Long-Term Impacts		X	Family Impact Form Attached
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Fiscal Analysis

ASSUMPTIONS:

Under current law, a tax of \$4.30 per barrel of 31 gallons is imposed on each barrel of beer sold in Montana by a wholesaler. Beer tax revenues are distributed 65.11% to cities and towns, 23.26% to the Department of Public health and Human Services (DPHHS), and 11.63% to the state general fund.

(continued)

2. Under this proposal, the taxation of beer is based on a sliding scale based upon the number of barrels of beer produced annually by the brewer. Table 1 shows the current law and proposed law beer tax schedule.

Table 1 Beer Tax per Barrel				
Barrels	-----Tax per Barrel-----		-----Change-----	
	Current Law	Proposed Law	\$	%
<=5,000	\$4.30	\$1.30	(\$3.00)	-70%
5,001 to 10,000	\$4.30	\$2.30	(\$2.00)	-47%
10,001 to 20,000	\$4.30	\$3.30	(\$1.00)	-23%
>20,000	\$4.30	\$4.30	\$0.00	0%

3. Under current law, brewers pay an annual license fee of \$500. The revenue collected from this fee is deposited in the state general fund.

4. Under this proposal, brewers producing 20,000 or fewer barrels of beer would pay an annual renewal fee of \$200.

5. Under this proposal, revenue collected from the beer tax and the annual beer license fee will *decrease* by \$93,900 in fiscal 2002 and \$96,956 in fiscal 2003. This decrease in total revenue will *decrease* revenue for cities and towns by \$56,841 in fiscal 2002 and \$58,831 in fiscal 2003, for DPHHS by \$20,306 in fiscal 2002 and \$21,017 in fiscal 2003, and for the state general fund by \$16,753 in fiscal 2002 and \$17,108 in fiscal 2003. Table 2 shows the revenue impacts under this proposal by accounts/funds.

Table 2 Revenue Impacts under this Proposal				
Year	Cities/Towns	DPHHS	General Fund	Total
FY02	\$ (56,841)	\$ (20,306)	\$ (16,753)	\$ (93,900)
FY03	\$ (58,831)	\$ (21,017)	\$ (17,108)	\$ (96,956)

6. The above impact in assumption five is calculated using a 3.5% annual growth rate in the number of barrels of beer sold in Montana. The DOR's "Montana Breweries Monthly Tax Reports" filed in calendar year 2000, and the "Beer Distributor Monthly Tax Reports" filed in calendar year 2000 are used as the base year in making the calculations in assumption five.

(continued)

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Revenues:</u>		
General Fund (01)	\$(16,753)	\$(17,108)
Cities/Towns (02)	\$(56,841)	\$(58,831)
State Special Revenue (DPHHS) (03)	\$(20,306)	\$(21,017)
 <u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	\$(16,753)	\$(17,108)
Cities/Towns (02)	\$(56,841)	\$(58,831)
State Special Revenue (DPHHS) (03)	\$(20,306)	\$(21,017)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Under this proposal revenue to local governments is decreased by \$56,841 in fiscal 2002 and \$58,831 in fiscal 2003.

Action - Most Recent First	Date	Votes Yes	Votes No	Committee
Chapter Number Assigned	04/28/2001			
(S) Signed by Governor	04/28/2001			
(S) Transmitted to Governor	04/19/2001			
(H) Signed by Speaker	04/17/2001			
(S) Signed by President	04/13/2001			
(S) Returned from Enrolling	04/11/2001			
(C) Sent to Printing	04/11/2001			
(S) Sent to Enrolling	04/11/2001			
(H) Motion Carried	04/10/2001			
(H) Returned to Senate	04/10/2001			
(H) 3rd Reading Concurred	04/10/2001	85	14	
(H) Scheduled for 3rd Reading	04/10/2001			
(C) Sent to Printing	04/09/2001			
(H) Motion Carried	04/09/2001			
(H) 2nd Reading Concurred	04/09/2001	84	14	
(H) Scheduled for 2nd Reading	04/09/2001			
(H) Committee Report--Bill Concurred	03/22/2001			(H) Taxation
(H) Committee Executive Action--Bill Concurred	03/21/2001	17	1	(H) Taxation
(H) Hearing	03/14/2001			(H) Taxation
(H) Referred to Committee	03/01/2001			(H) Taxation
(H) First Reading	03/01/2001			
(S) Transmitted to House	02/16/2001			
(S) 3rd Reading Passed	02/16/2001	44	3	
(S) Scheduled for 3rd Reading	02/16/2001			
(S) 2nd Reading Passed on Voice Vote	02/15/2001	49	0	
(S) Committee Report--Bill Passed	02/14/2001			(S) Taxation
(S) Committee Executive Action--Bill Passed	02/13/2001	9	0	(S) Taxation
(S) Hearing	02/09/2001			(S) Taxation
(S) Fiscal Note Printed	02/06/2001			
(S) Fiscal Note Signed	02/05/2001			
(S) Fiscal Note Received	02/05/2001			
(S) Referred to Committee	01/26/2001			(S) Taxation
(S) First Reading	01/26/2001			
(S) Fiscal Note Requested	01/26/2001			
(C) Introduced Bill Text Available Electronically	01/25/2001			
(S) Introduced	01/25/2001			
(C) Draft Delivered to Requester	01/23/2001			

(C) Draft Ready for Delivery	01/23/2001			
(C) Draft in Assembly/Executive Director Review	01/22/2001			
(C) Draft in Final Drafter Review	01/22/2001			
(C) Draft in Input/Proofing	01/22/2001			
(C) Draft to Drafter - Edit Review [CAJ]	01/22/2001			
(C) Draft in Edit	01/22/2001			
(C) Draft in Legal Review	01/22/2001			
(C) Draft Back for Redo	01/22/2001			
(C) Draft in Final Drafter Review	01/22/2001			
(C) Bill Draft Text Available Electronically	01/22/2001			
(C) Draft in Input/Proofing	01/22/2001			
(C) Draft to Drafter - Edit Review [CAJ]	01/22/2001			
(C) Draft in Edit	01/20/2001			
(C) Draft in Legal Review	01/20/2001			
(C) Draft to Requester for Review	01/18/2001			
(C) Draft On Hold	01/09/2001			
(C) Fiscal Note Needed	01/05/2001			
(C) Draft Request Received	01/05/2001			

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB DEPRATU**, on February 9, 2001 at 8:00 A.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Bob DePratu, Chairman (R)
Sen. Alvin Ellis Jr., Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Mack Cole (R)
Sen. Pete Ekegren (R)
Sen. Jon Ellingson (D)
Sen. Bill Glaser (R)
Sen. Dan Harrington (D)
Sen. Emily Stonington (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Deb Thompson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: Senate Bill 317, 1/31/2001;
Senate Bill 366, 2/2/2001;
Executive Action: Senate Bill 268 Pass as
amended 9-0; House Bill 192
Pass 9-0; Senate Bill 325 Pass
as amended 9-0; Senate Bill
264 Hold; Senate Bill 352
Indefinitely Postponed 9-0,
amendment passed

HEARING ON SENATE BILL 317

Sponsor: SENATOR ALVIN ELLIS, SD 12, Red Lodge

Proponents: Brian Smith, business owner, Montana Brewer's Association; Kristi Blazer, Montana Beer and Wine Wholesalers; Sam Hoffmann, Montana Brewer's Association, Red Lodge; Mark Taylor, Anheuser-Busch

Informational Witness: Neil Peterson, Department of Revenue

Opponents: None

Opening Statement by Sponsor: SENATOR ELLIS presented the bill and read the Fact Sheet describing the reduced beer excise tax for small breweries. EXHIBIT(tas33a01)

Proponents' Testimony: Brian Smith, owner and operator of a small brewery in Helena, said the bill was drafted by the state Brewery Association. He said this was about economic development and small business, which included one to three person operations. The bill is a tax reduction but goes further as a protection measure. He pointed out that 85% of beer sales were from big breweries. He noted the importance of Brew Pubs, which are not allowed in Montana. He said this would be by far the most profitable portion of operating a small brewery. In a Brew Pub the brewery would be able to sell a beer for four times what they can sell it for wholesale. All the breweries in Oregon and Washington have some type of Brew Pub operation. He noted that this did put small Montana brewers at a competitive disadvantage. The alcohol business is one of the most heavily regulated industries in the country. Taxes are paid to the federal government every fourteen days. The federal government recognizes the difference between small brewers and large brewers. At the federal level, this is two million barrels per year. This is still a pretty large brewery. The federal government allows a reduced license fee on an annual basis. He described the bill as an economic development bill which would add culture and local flavor so the small breweries would continue to prosper. {Tape : 1; Side : B; Approx. Time Counter : 1.7 - 11.5}

Kristi Blazer, representing the Montana Beer and Wine Wholesaler Association, spoke in support of the bill. She said the bill would provide incentives. Competition for craft beers were from Oregon and Washington. Wholesalers could reduce their prices and make Montana breweries more competitive.

Sam Hoffman, representing the brewery in Red Lodge and also the State Brewer's Association, testified in favor of the bill. He described his business as small with 3 employees. He said he was one of the breweries in the state that self distributes, so he paid the excise tax. In 2000, he paid \$1300 in excise tax. That was a lot of money to him, as he paid himself \$6 an hour based on a 40 hour week. **{Tape : 1; Side : B; Approx. Time Counter : 15 - 16}**

Mark Taylor, representing Anheuser-Busch, distributed an amendment **EXHIBIT(tas33a02)** and an Economic Impact statement from the Anheuser-Busch Company. **EXHIBIT(tas33a03)** He said the bill should be amended to protect the storage depots. He said this amendment would address a graduated tax. He pointed out this would address concerns about any discriminatory taxing effect on interstate commerce.

Opponents' Testimony: None

Informational Witnesses: **Neil Peterson**, Process Lead for Department of Revenue, said he was available to answer questions.

Questions from Committee Members and Responses: **SENATOR**

STONINGTON asked **Mark Taylor** to explain the amendments. He said he was unsure of the number of storage depots in the state. Anheuser-Busch had a storage depot and therefore would benefit from the amendment.

SENATOR EKEGREN asked about the storage depot and its effect on the small brewer. **Mr. Smith** said he would resist the amendment. A brewer may have a storage depot in the state but every wholesaler in the state would have the ability to get a storage depot which would allow them to have a tax break on the first twenty thousand barrels of beer. He pointed out that Montana brewers did not operate any licensed storage depot. Anheuser-Busch was in the process of constructing one in Butte.

Closing by Sponsor: **SENATOR ELLIS** closed. He pointed out the bill was about equity and at this point, the industry was dominated by giants. He opposed the amendment as it would enable the incentive be made available for huge depots and out of state brewers. **{Tape : 2; Side : A; Approx. Time Counter : 0 - 4.4}**

EXECUTIVE ACTION ON SENATE BILL 268

SENATOR ELLINGSON MOVED DO PASS. He distributed an amendment. **EXHIBIT(tas33a04)** **SENATOR ELLIS** MOVED THE AMENDMENT. **SENATOR STONINGTON** clarified that the amendment was intended to avoid

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB DEPRATU**, on February 13, 2001 at 8:00 A.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Bob DePratu, Chairman (R)
Sen. Alvin Ellis Jr., Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Mack Cole (R)
Sen. Pete Ekegren (R)
Sen. Jon Ellingson (D)
Sen. Bill Glaser (R)
Sen. Dan Harrington (D)
Sen. Emily Stonington (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Deb Thompson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: Senate Bill 365, 1/31/2001;
Senate Bill 347, 1/31/2001;
Senate Bill 365, 2/1/2001
Executive Action: Senate Bill 264 Pass as
amended 9-0; Senate Bill 317
Pass 9-0; Senate Bill 346 Pass
as amended 9-0; Senate Bill
366 Table 7-2; Senate Bill 365
Table; Senate Bill 347 Table
Department of Revenue Presentation on
Telecommunication Excise Tax

Opponents' Testimony: Gordon Morris, MACO, was against the bill. He felt this would create technical problems for counties.

Questions from Committee Members and Responses: SENATOR STONINGTON pointed out there was no provision for interest and penalties.

Closing by Sponsor: SENATOR COBB closed.

EXECUTIVE ACTION ON SENATE BILL 264

Lee Heiman explained the amendment #26404. EXHIBIT(tas36a03) He said these amendments provided for matching Medicaid money for alcohol and chemical dependency. This also provided for the co-occurring mental illnesses and chemical dependency. This puts a cap on co-dependency of \$1.3 million a biennium. SENATOR BOHLINGER MOVED TO ADOPT THE AMENDMENT #26404. The question was called. The motion PASSED unanimously.

SENATOR ELLIS MOVED TO ADOPT AMENDMENT #026405.

EXHIBIT(tas36a04) Lee Heiman explained this references the co-occurring mental illness and chemical dependency section, originally put in by Senator Waterman. This allows those that were getting the extra money to continue at that same level. The question was called. The motion was ADOPTED 5-3.

SENATOR ELLIS MOVED THE BILL AS AMENDED. The motion PASSED unanimously. {Tape : 1; Side : B; Approx. Time Counter : 16 - 30}

EXECUTIVE ACTION ON SENATE BILL 317

SENATOR ELLIS MOVED DO PASS. SENATOR EKEGREN commented that he had talked to Mark Baker and thought Anheuser Busch was taking an unfair advantage over the small brewers. However, they were dropping their amendment regarding the storage depots. {Tape : 2; Side : A; Approx. Time Counter : 0 - 3.3}

SENATOR GLASER pointed out this would have a \$30 thousand dollar impact on cities and towns. SENATOR ELLIS said he could understand an excise tax on people who sell a lot of beer in the state of Montana. However, there is no justification for this heavy of a tax on these small business people who pay a lot of tax already in the form of personal property taxes and other business taxes.

SENATOR BOHLINGER said he felt the tax burden on small businesses was unfair. They create jobs and opportunities for people. He felt the \$30 thousand dollar hit on counties, spread over the whole state was insignificant. Instead it would level the playing field.

The question was called on the motion. The motion **PASSED** unanimously.

EXECUTIVE ACTION ON SENATE BILL 366

SENATOR HARRINGTON MOVED DO PASS. The question was called. The motion **FAILED** 3-6. **SENATOR STONINGTON MOVED TO TABLE.** The motion **PASSED** 7-2 with **SENATORS HARRINGTON AND ELLINGSON** voting no.

EXECUTIVE ACTION ON SENATE BILL 346

SENATOR HARRINGTON MOVED DO PASS. He noted the federal government often gives amnesty for paying taxes. *{Tape : 2; Side : A; Approx. Time Counter : 17 - 29}*

CHAIRMAN DEPRATU said this was a good idea. He suggested two amendments. One was conceptual to cover class 4 residential and class 3 land. He **MOVED TO ADOPT** the amendment. The question was called. The motion **PASSED** unanimously.

Lee Heiman explained the amendment #34601. **EXHIBIT(tas36a05)**
SENATOR COLE MOVED TO ADOPT THE AMENDMENT. The question was called. The motion **PASSED** 6-3 with **SENATORS ELLINGSON, HARRINGTON AND STONINGTON** voting no. *{Tape : 2; Side : A; Approx. Time Counter : 29 - 30.2}*

SENATOR COLE MOVED THE BILL AS AMENDED. The motion **PASSED** unanimously.

EXECUTIVE ACTION ON SENATE BILL 365

SENATOR EKEGREN MOVED DO PASS. **SENATOR COLE MADE A SUBSTITUTE MOTION TO TABLE.** The question was called. The motion **PASSED** unanimously.

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB STORY**, on March 14, 2001 at 8:00 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Bob Story, Chairman (R)
Rep. Ron Erickson, Vice Chairman (D)
Rep. Roger Somerville, Vice Chairman (R)
Rep. Joan Andersen (R)
Rep. Keith Bales (R)
Rep. Joe Balyeat (R)
Rep. Gary Branae (D)
Rep. Eileen Carney (D)
Rep. Larry Cyr (D)
Rep. Rick Dale (R)
Rep. Ronald Devlin (R)
Rep. John Esp (R)
Rep. Gary Forrester (D)
Rep. Daniel Fuchs (R)
Rep. Verdell Jackson (R)
Rep. Jesse Laslovich (D)
Rep. Trudi Schmidt (D)
Rep. Butch Waddill (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: None

Members Absent: None.

Staff Present: Jeff Martin, Legislative Branch
Rhonda Van Meter, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 317, HB 555, HB 631
3/9/2001
Executive Action: HB 581

HEARING ON SB 317

Sponsor: SEN. ALVIN ELLIS, SD 12, RED LODGE

Proponents: Brian Smith, MT. State Brewers Association
Tim Bozik, Bitterroot Brewing, Hamilton
Sam Hoffman, Red Lodge Brewing
Kristie Blazer, MT. Beer & Wine Wholesalers Assoc.
Neil Peterson, Department of Revenue

Opponents: None

Opening Statement by Sponsor:

SEN. ALVIN ELLIS, SD 12, RED LODGE, said this bill would provide a reduced state beer excise tax for small brewers based upon production. He explained the cost per barrel and said SB 317 would assist small brewers with less than 20,000 barrels. He mentioned the competition of brewers in the state and how it would help reduce the licensing costs.

Proponents' Testimony:

Brian Smith, MT. State Brewers Association, supported this legislation and believed it would assist brewers due to their competition within the state. He explained the brewing companies in the state. He stated the percent of taxes on small breweries and urged a do pass with this bill.

Tim Bozik, Bitterroot Brewing, Hamilton, explained the small brewing companies and believed this legislation would assist their tax costs.

Sam Hoffman, Red Lodge Brewing, asked for support of this bill.

Kristie Blazer, MT. Beer & Wine Wholesalers Assoc., noted the taxes paid and how this legislation would provide an incentive for the excise tax of small businesses.

Neil Peterson, Department of Revenue, stated he was responsible for licensing of the small businesses and would be available for questions.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. TRUDI SCHMIDT asked about the issue of breweries. **Brian Smith** explained the issue of small businesses and how these breweries have adapted to the arena. He gave the basics of operation.

REP. JESSE LASLOVICH asked about the barrels produced. **Sam Hoffman** answered approximately 410.

REP. LASLOVICH asked how much was produced within the past year. **Brian Smith** explained the breweries and their production over the year.

CHAIRMAN BOB STORY asked about the tax structure of the bill. **Brian Smith** explained the production of barrels per day.

CHAIRMAN STORY asked if this would create a disincentive to produce the last five barrels. **Brian Smith** said if they were producing more beer it shouldn't be affected.

CHAIRMAN STORY asked how the department interprets the bill. **Neil Peterson** answered by stating the fiscal note would reflect the production costs.

REP. BUTCH WADDILL asked if this tax would hurt the larger brewing companies. **Mark Taylor, Anheuser Busch Brewing**, explained the differences of brewing businesses of small and large. He said they support Montana Brewers and what is offered and there is no competition involved.

Closing by Sponsor:

SEN. ALVIN ELLIS, SD 12, RED LODGE, closed on the bill and stated only brewers under 20,000 barrels would be effected by this legislation. He explained the tax costs and how this would assist the small businesses.

HEARING ON HB 555

Sponsor: REP. JOE BALLYEAT, HD 32, BOZEMAN

Proponents: REP. RICK DALE, HD 39, WHITEHALL
Julie Milliam, Executive Director, Christian
Coalition of MT.
Gil Wooden, Rocky Mountain Christian School,
Helena
REP. VERDELL JACKSON, HD 79, KALISPELL

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB STORY**, on March 21, 2001 at 8:00 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Bob Story, Chairman (R)
Rep. Ron Erickson, Vice Chairman (D)
Rep. Roger Somerville, Vice Chairman (R)
Rep. Joan Andersen (R)
Rep. Keith Bales (R)
Rep. Joe Balyeat (R)
Rep. Gary Branae (D)
Rep. Eileen Carney (D)
Rep. Larry Cyr (D)
Rep. Rick Dale (R)
Rep. Ronald Devlin (R)
Rep. John Esp (R)
Rep. Gary Forrester (D)
Rep. Daniel Fuchs (R) Rep. Verdell Jackson (R)
Rep. Jesse Laslovich (D)
Rep. Trudi Schmidt (D)
Rep. Butch Waddill (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: None

Members Absent: Rep. Daniel Fuchs (R)

Staff Present: Jeff Martin, Legislative Branch
Rhonda Van Meter, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 162, SB 129, HB 642,
3/19/2001
Executive Action: HB 642, HB 591, HB 623, SB
317, SB 46, HB 534

REP. ESP pointed out the balance of the amendments and asked if they basically insure credit. **Jeff Martin, Legislative Staff**, said it primarily relates to the services involved.

CHAIRMAN STORY asked what the money related to and how it was reported. **Jeff Martin** explained what was reported.

Vote: Motion carried 18-2 with REP. ESP and REP. ANDERSON voting no.

Motion: REP. ERICKSON moved HB 623 DO PASS AS AMENDED.

Discussion:

REP. ERICKSON noted the intent of the bill was to assist employers.

REP. BALYEAT wondered about the taxpayers in corporations. **CHAIRMAN STORY** said it was based upon the historic information.

REP. DALE asked what the total was to apply. REP. BALYEAT referred to the fiscal note and explained anyone could apply.

REP. ERICKSON hoped this would grow to become a larger tax break. He addressed the focus of discussion and felt the employer would receive a tax break from this bill.

REP. ANDERSON wondered if larger employers would receive the break and the smaller companies would still be struggling. **CHAIRMAN STORY** pointed to the facility section and how it relates.

REP. BALYEAT mentioned the credit carry over.

Vote: Motion failed 9-11 with REP. ERICKSON, REP. BRANAE, REP. CARNEY, REP. CYR, REP. FORRESTER, REP. FUCHS, REP. LASLOVICH, REP. SCHMIDT and REP. WANZENRIED voting aye.

Motion/Vote: REP. BALES moved HB 623 BE TABLED. Motion carried by reversing above vote 11-9.

EXECUTIVE ACTION ON SB 317

Motion: REP. DALE moved SB 317 DO PASS.

Discussion:

REP. ESP thought this bill was too steep dealing with the percentages.

REP. ERICKSON liked the bill.

Vote: Motion carried 17-1 with REP. ESP voting no.

EXECUTIVE ACTION ON SB 46

Motion: REP. FORRESTER moved SB 46 DO PASS.

Discussion:

CHAIRMAN STORY explained this bill extends the process of filing a warrant on someone's paycheck.

REP. KEITH BALES was curious regarding a child support time limit being filed.

{Tape 3; Side B}

Vote: Motion carried unanimously.

EXECUTIVE ACTION ON HB 534

Motion: REP. ERICKSON moved HB 534 BE AMENDED. Amendments were handed out EXHIBIT(tah64a05).

Discussion:

Jeff Martin talked about the amendments and the changes added. He mentioned the allocations from the trust fund being deposited into the general fund.

REP. DEVLIN asked if the language was targeted to have the interest income earnings paying for the program. Jeff Martin said there needed to be clarification between this bill and another.

CHAIRMAN STORY asked about the special revenue fund being included in SEN. BERRY'S bill. Jeff Martin said it was set up as a special revenue fund.

REP. SCHMIDT wondered about the coordination of the bills for this process to work. Jeff Martin said it might work due to the separate revenue account.